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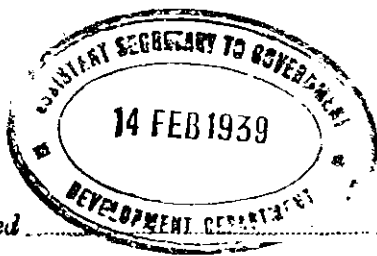
DATED

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[Despatch Abstract.]

Industries - State and
Industries Act - Appr from
the Kalyanpur Union with
to Kalyanpur Coon
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- -DEPARTMENT.

Received 19

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Subject.

INDUSTRIES - State Aid to Industries Act -
Application from the Kalyanpur Sugar Mills
Limited, Kalyanpur, for a loan of Rs.50,000/-
under the - Submitting -

ENCLOSURES.

No.

No. S.A.34/38

Spare copies

Station M a d r a s ; Dated the 9th February 1939.

From (Name) V. Ramakrishna Esq., M.A., I.C.S.,
(Designation) Director of Industries & Commerce

To The Secretary to the Government of Madras,
Development Department.

Sir,

I enclose for the orders of ^{the} Government copies
of the undernoted documents in connection with an applica-
tion from the Kalyanpur Sugar Mills Limited, Kalyanpur,
South Kanara, for a loan of Rs.50,000/- under section 6(a)
of the State Aid to Industries Act:

- pp 9 18 infra
pp 5 infra
p 27 infra
- i) Application from the Kalyanpur Sugar Mills
Limited, Kalyanpur;
 - ii) Note circulated to the Board of Industries; and
 - iii) Extract from the minutes of the proceedings
of the meeting of the Board of Industries held on 30th
January 1939.

2. The sugar mill is a 60 ton factory. In addition to the manufacture of sugar, the Company is also engaged in the collection and sale of dhupa fruits and in the experimental canning of fruit and fruit juices. The authorised capital of the Company is Rs.5 lakhs divided into 50,000 shares of Rs.10/- each, while the paid-up capital as on 31st March 1938 was Rs.149,007-8-0. It is two years since the Company was formed and the working of the two years resulted in a net loss of about Rs.18,000/-. The Company has under consideration a scheme for cane cultivation under its own control for the purpose of improving the quality and regularising the supply of cane over a longer seasonal period. With this end in view, they are negotiating for the lease of 100 acres of land in Kokkarna. Out of the loan of Rs.50,000/- applied for, the Management propose to discharge the existing liabilities of Rs.15,000/- and to utilise the balance of Rs.35,000/- for purposes of cultivation of the land with sugar cane.

3. The question of security has been discussed in paragraph 4 of the note circulated to the Board of Industries and it would appear that the security is sufficient for the loan applied for. The application was placed before the Board of Industries at its meeting held on the 30th January 1939 and it was resolved unanimously that the Board did not consider this a suitable case for the grant of assistance under the Act as the supply of sugar cane could very well be arranged through a sugar cane growers' cooperative society.

W. Zife

for DIRECTOR OF INDUSTRIES & COMMERCE.

Note for the Board of Industries.

Application from the Kalyanpur Sugar Mills Ltd.,
Kallianpur, South Kanara, for a loan of Rs.50,000/- under
the State Aid to Industries Act.

3/9/38
The Kalyanpur Sugar Mills Ltd., have submitted an
application for a loan of Rs.50,000/- under section 6(a) of
the State Aid to Industries Act. Out of the loan, if granted,
it is proposed to discharge the existing liabilities of
Rs.15,000 and to utilise the balance of Rs.35,000/- for
purposes of cane cultivation. A copy of their application
is attached. It is proposed to repay the loan in twenty
annual instalments. As the rate of depreciation allowed for
sugar works is 6½ per cent, it is desirable that the loan be
made repayable in fifteen years.

2. The sugar industry is not a new industry in this
Presidency, there being a number of sugar mills all over the
Presidency. The industry is an old and established industry
and may be brought under section 5(1) (d) of the Act.

3. The factory is a 60 ton factory. In addition to
sugar manufacturing, the management is also engaged in the
collection and sale of Dhupa fruits and in the experimental
canning of fruit and fruit juices etc. The authorised capital
of the Company is Rs.5/- lakhs divided into 50,000 shares of
Rs.10 each, while the paid up capital is Rs.149,007-8-0. It
is two years since the Company was formed and the working of
the two years ended 31st March 1938 resulted in a net loss of
about Rs.18,000. The Company has under consideration a scheme
for cane cultivation under its own control for the purpose of
improving the quality and regularising the supply of cane over
a longer seasonal period; for this purpose they are negotia-
ting for the ^{lease} ~~purchase~~ of 100 acres of land in Kokkarne and
it is mainly for purpose of cultivation of this land that the
loan has been applied for. In column 9 and 10 of the application

the Vice-President has furnished a pro-forma profit and loss statement of the factory for a season of 120 working days when the cane cultivation scheme has been put into operation and estimates a net profit of Rs.12,900/-. No provision, has however, been made in this estimate for interest on capital. The Director of Agriculture was consulted in the matter and a copy of his report is attached. He states that the expectations of the management that it will be possible to grow cane at the rate of 40 tons per acre over an area of 100 acres is not likely to be realised and that the average yield may not exceed 30 to 33 tons per acre over this large area. The Director of Agriculture points out that the Company have made no provision for cleaning the land taken on lease and bringing it under cultivation, whilst high yields cannot be expected from the very start. It is also reported by the local Deputy Director of Agriculture that the distance of 16 miles which has to be covered in transporting the sugar cane from this area to the factory will also act as a handicap. It will be observed that the loan is intended to be used mainly for agricultural purposes viz., for the purpose of taking land on lease and cultivating sugar cane thereon, though the sugar cane so cultivated will be crushed in the factory and converted into sugar and it is for consideration whether a loan for such a purpose can be granted under the Act.

4. The assets of the factory offered as security consists of the land and buildings and machinery. The land and buildings were valued by the local Tahsildar, who states that his valuation is only approximate and is not authoritative and that if an authoritative valuation is required, it will have to be done by the Public works Department. According to him, the value of lands and buildings is estimated at Rs.24,271-15-0. A copy of the Collector's report is attached. The Assistant Industrial Engineer, Coimbatore inspected the

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machinery and plant and a copy of his report is attached. The Assistant Industrial Engineer states that though the sugar cane plant (item 1 on the Assistant Industrial Engineer's list) was purchased for Rs. 56,000 in 1936, he has taken their original price of Rs. 130,762/- since the machines were not even unpacked at the time of sale to the Kalyanpur Sugar Mills. This is not in accordance with rule 11 of the rules framed under the Act, under which the cost price paid should be taken into consideration. In the case of sugar machinery, it is necessary to provide a minimum depreciation of 6½ per cent and the valuation of the Assistant Industrial Engineer based on a 10 per cent depreciation should be preferred. Against the figure of Rs. 95,326 shown against item 1 of his valuation statement, it seems reasonable to adopt a figure of Rs. 49,200 only. The value of the entire machinery will therefore be reduced to about Rs. 78,524 as against the sum of Rs. 124,650 shown in the list. The total value of the security will thus be over a lakh of rupees and on this basis, the Mills will be eligible for a loan of Rs. 50,000/- provided they undertake to clear the existing liabilities of Rs. 15,000 out of the loan amount.

5. The views of the Board are desired on the merits of the application and as to whether they are prepared to recommend the aid applied for.

STATEMENT SHOWING THE DETAILS OF MACHINERY, BUILDINGS AND OTHER ASSETS BELONGING TO THE KALYANPUR
SUGAR MILLS LTD., OFFERED AS SECURITY WITH THEIR ORIGINAL AND PRESENT VALUE.

S.No.	Details of machinery & other articles.	Year of purchase.	Original value.	Value on 1-4-39 @ 10% depreciation.	Value on 1-4-39 @ 5% depreciation.	Remarks.
1.	Sugar machinery as per list A attached.	1936-37	Rs 130762	Rs 95326	Rs 112113	(The complete plant were purchased in one lot for Rs 56000/- from Gondal State in their original packages in the year 1936.
2.	Additional machinery installed to complete the factory(list	1936-37	Rs 16930	Rs 13713	Rs 15280/-	
3.	Machinery and buildings of Dhupa factory(list C)	1936-37	Rs 5088/-	Rs 4122	Rs 4592	
4.	List of buildings & other masonry constructions (List D)	31-3-37	Rs 18991)			The items shown in this list are buildings and other masonry constructions. These are not included in the valuation list as this will be dealt with by the Revenue authorities separately.
	-do-	31-3-38	Rs 1944)			
	-do-	31-10-38	Rs 776)			
5.	Oil engines (List E)	1936-37	Rs 1000	Rs 810	Rs 902	
6.	Trolleys, trays, shafts pulleys(List E contd.)	1937-38	Rs 1592	Rs 1433	Rs 1513	
7.	Rice hulling & jaggery making equipments(List F.)	31-10-38	Rs 1051	Rs 1051	Rs 1051	
8.	Laboratory equipments List G.	15-10-1936	Rs 3080	Rs 2504	Rs 2780	
9.	Furniture & Fittings (Electrical-List H.	1937-38	Rs 1648	Rs 1483	Rs 1565	
10.	Miscellaneous-loose tools and Accessories etc.(list I)	1936-37	Rs 1937	Rs 1569	Rs 1748	
Grand Total			166020	124650	144329	

Depreciation of Rs 73/8 for 1937-38 has been written off by the factory. Hence depreciation for 1938-39 alone is shown in this list.

Copy of letter No.320/38-39 dated 8th August 1938, from the Kalyanpur Sugar Mills Limited, Kallianpur.

In furtherance of the Address presented to the Hon. Mr.V.V. Giri, Minister for Development on 4th October 1937 (copy enclosed) and in pursuance of the advice from the Secretary to the Government Development Department, we beg to submit attached herewith the application for aid under the provisions of the Madras State Aid to Industries Act along with (1) a copy of the Memorandum and Articles of Association of the Company (2) the first and second annual reports for favour of information, reference and kind consideration.

As stated in the said Address the ryot's ignorance, the deterioration in the quality in the popularly grown red mauritius cane, the lack of varietal trials with a view to determine and grow suitable variety, necessitated thus our experimenting first in this direction. In 1936-37 season we put over 10 acres with about 20 varieties of cane. Some varieties were found to be very promising and gave an yield up to 45 tons per acre.

Encouraged by these results and perceiving the necessity of large scale cane cultivation by the Company to regularise the supply as well as to encourage the proper growing of suitable varieties of cane by setting an example to others, the Company has secured already on term-lease for 30 years about 85 acres of suitable lands at Nokkarne. Some more are negotiated for. The plot secured is enbloc composed of dry and wet lands and surrounded on three sides by the river main and its branch. The water thereat is sweet and the river, navigable even at the flag end of the season. The distance between the factory and the plot by river is only about 16 miles.

These facilities and in addition, the facility of low rents there attracted us. We found that we could grow canes there at Rs.5 per ton though in the neighbourhood of the factory, the cost of cultivation of cane ranges up to Rs.7 to 7/8 per ton specially because of the exorbitant rates of rent namely up to Rs.100 per acre. Thus, by having secured suitable lands for cultivation at

low rental the Company is able to save about Rs.10,000 annually by cultivating 100 acres with cane, as shown below:

Cost of cultivation (as per details refer page 7 of application for 100 acres	..	Rs. 20,000 0 0
Yield at the rate of 40 tons per acre	..	4,000 tons.
Conveyance charges of 4,000 tons of cane to the factory @ 0-8-0 per ton by boat.		Rs. 2,000 0 0
Price to be paid for 4,000 tons at Company's rate Rs.8-0-0 per ton.		4,000 x 8. Rs. 32,000 0 0
Hence, net savings incultivation		Rs. 10,000 0 0 <u>-----</u>
Net profit in the running of the mills (see page 8 of the application)		Rs. 12,900 0 0
hence, total net profit	...	Rs. 22,900 0 0 <u>-----</u>

It is well to point out here that for the first one or two years savings by cultivation may not be as much as there are non-recurring extra initial expenses to be written off at the beginning.

If the above proposal is carried out, the Company can look forward with confidence for a happy future. For augmenting which, we request the Government to grant us a loan of Rs.50,000/ at a favourable rate of interest payable in twenty instalments.

THE KALYANPUR SUGAR MILLS LIMITED, KALLIANPUR,
South India.

Application for Aid under the Provisions of
the Madras State Aid to Industries Act.

1. Name of applicant and his full address:

The Kalyanpur Sugar Mills Limited, Kallianpur, South India,
by its representative and vice-President, Sri B.Vaikunta
Baliga, B.A., B.L., Pleader, Loretto Villa, Kodialbail,
Mangalore.

2. Nature of the industrial concern for which aid is sought:

SUGAR INDUSTRY.

3. The administrative, technical and executive staff:

The administration vests in the Board of Directors.
The following are the members of the Board at present.

	No. of shares.	Value paid. Rs.
1. President: Sri A. Srinivas Pai B.A., B.L., President, the Canara Bank Ltd., Hill House, Kasargod ...	300	3,000.
2. Vice-President: Sri B.V. Baliga, B.A., B.L., Pleader, Loretto Villa, Kodialbail, Mangalore ...	305	3,050.
3. H.L. Kamath, Director, The C.P.C. Co. Ltd., Merchant and Land-lord, Gangulli.	305	3,050
4. Sri V.S. Kudva, Managing Director, M.S.R. Kudva and Sons Ltd., General Manager, The C.P.C. Co. Ltd., Mangalore.	305	3,050
5. Sri K. Seshagiri Rao, Land-lord and Banker, Managing Director, The S.V.M. Co. Ltd., Mangalore	305	3,050
6. Sri M. Anneppa Nayak, Land-lord and Banker Merchant, Bunder, Mangalore.	305	3,050.
7. Sri U.S. Malliya, Director, The Canara Bank Ltd., Merchant, Bunder, Mangalore.	305	3,050
8. Sri Dewar Bahadur U. Rama Rao, Retired Secretary to Government of Madras, Hill Grove, Pentlandpet, Mangalore.	300	3,000
9. Sri M. Venkatesh Pai, Director, The Canara Bank Ltd., Banker, Krishna Bhuvan, Mangalore.	355	3,550.
10. Sri S. Pundlik Nayak, Director, The Manga- lore Mills Ltd., Merchant, and Commission Agent, Peerbhoy Building. Loharchaul, Bombay	305	3,050

11. Dr. U. S. R. Pai, M. B. B. S., Presl
Canara Banking Corporation, Ulipi,
Ltd., Dr. U. S. R. Pai's Consulting Room,
and Pharmacy, Ulipi. 306 Rs. 3,050,
12. Sri M. Narayan Ramath B.A., Director, The
C.P.C. Co. Ltd., Shanthiniketan, Coondapoor. 306 Rs. 3,050,

Technical and Executive Staff:

Existing:

1. H. Bhasker Kamath. Manager, Graduate (B.A.,) Associate Member,
Sugar Technologists' Association,
Cawnpore. Serving as Sugar Chemist
from season 1935-36.
2. M. S. Ramachandra Murty, Chemist, Graduate (B.Sc.) Dip. Tech. (Lond.)
City and Guilds London Institute.
Serving as Manufacturing Chemist from
1934-35.
3. K. Vittaldas Acharya, Head Clerk, Undergraduate; Appeared for
B.A. (Hon) in 1936.

To be appointed

4. One supervisor of farms with the necessary qualification and
experience.

In addition, in the superior service, there exist 2 clerks, 1
typist, one canvasser, one mechanic, two engine-drivers and fitters.

To be appointed (1) for the purpose of cultivation, 2 maistries will
be engaged.

(2) necessary seasonal staff who have sugar factory experience.
and who have been serving in that capacity from years past are engaged
during the season.

4. The Facilities available for the development of the industry:

The industry was started after examining all the aspects
that are necessary for the success of such a venture. A
very convenient site in a locality where sugarcane is grown
in large quantities and where transport facilities are
abundant has been chosen.

- a. Transport: The factory is situated on the banks of a peren-
nial and navigable river which joins the back waters from
the Arabian sea at a distance of only 3 miles and whose
branches which come from many directions are navigable up
to a radial distance of 20 miles. The two sea ports, Malpe
and Mangarkatta, are within a distance of 5 miles from the
factory.
- b. Labour: The local labour is suitable and available suffice
sufficient for the purpose.
- c. Cane cultivation: Our parts are most suitable for economi-
cal cane cultivation. Properly cultivated, the cost of
production does not go beyond Rs. 5 per ton when a modest
yield

of 40 tons is obtained. (The average yield per acre is about 30 tons and the cost of production ranges from Rs. 7 to 7/8/0 per ton specially owing to the exorbitant rates of rents viz. Rs. 100 per acre in the neighbourhood of the factory).

3. Marketing: Marketing of our output is not very difficult as this district imports nearly 3000 to 4000 tons of sugar annually.
4. Investment: Our capital investment has been very modest as can be seen from the balance sheet.

Nature of the process to be employed: White sugar manufacture by double sulphitation process.

Details of plant and machinery installed

One weigh-bridge - to weigh sugarcane. American scale.
to weigh 5 tons at a time.

Sugar machinery: Year of make 1933.
Maschinenfabrik Sangerhausen, A.G. Sangerhausen,
Germany - suppliers.

1. Cane carrier: for conveying sugarcane. 21" by 40'
2. One mill plant having 8 rollers, to consist of a high level, two crushers. System Krajewski with zig zag cast steel rollers and of 2 three roller mills having rolls of the makers coarse grained special cast iron mixture complete with compound gearing, intermediate carrier, inhibition device. etc, etc. and
3. Bagasse elevator for conveying the bagasse to the Steam boiler 21" by 27'.
4. One sheet iron raw juice receiving tank with strainer and connections complete.
5. Steam driven duplex type pump - to pump raw juice - all complete.
6. One bayonet engine 13½" by 18"

Clarification Unit.

Size or capacity.

1. Milk of lime measuring sheet iron tank with sieve etc.
2. Two cylindrical measuring sulphitation tanks with all fittings 44 c.ft., each
3. One spitable sulphur oven, with steam jet, air suction apparatus (injector) complete.
4. One lined and sulphured juice receiving tank (sheet iron) of working capacity 44 c.ft.
5. One horizontal Duplex pump to pump the lined and sulphured juice.
6. One juice heater 215 sq.ft.
heating surface

7. Two eliminators of rectangular shape 44 c.ft.
working capacity each.
8. Six settlers in two sets of three each of 0\3\ working capacity. 44.8 ft.
9. One plate and frame filter press with mud hopper and spout etc. 96 sq. ft.
10. One bag filter chamber 49 bags.
11. One mud wash tank. ~~sample tank~~
12. One clear juice receiving tank with heating coil etc. of working capacity. 60 c.ft.
13. One scum tank with perforated steam pipes complete.
14. Two horizontal Duplex pumps - one to pump clear juice, the other to pump scum or muddy juice.

Boiling House:

- (a) One evaporator feed tank of 40 c.ft. capacity
- (b) One double effect evaporator of 484 sq.ft. heating surface.
- (c) Two liquid lifters (automatic type) to pump condensed water and syrup.

Power

- (a) One Babcox Wilcox water tube boiler 1690 sq. ft. heating surface with bagasse furnace - all complete
- (b) One Duplex feed pump for the above.
- (c) One boiler water feed tank 8' by 4'
- (d) One A.C. Dynamo. 20 K.V.A. by 4'

Additional unclassified items.

- (a) One service water tank.
- (b) One hot water feed tank.
- (c) Motors 1. - 5 H.P; 2-3 H.P; 3 - 1 H.P.
- (d) Two 4" centrifugal pumps.
- (e) One Duplex type pump to pump water to the boiler water feed tank.
- (f) Two pumps for service water - both 1 1/2"
- (g) One 5 H.P. Engine as a set by.
- (h) Steel chimney - 92 ft. height and 3 ft. diameter.
- (j) The necessary pipings and mountings to complete the factory inside the building - consisting of cast iron pipes - special pieces - sheet iron tubes bends - roll up flanges - further more the safety valves - cocks, pressure gauges, thermometers, steam traps - oil separators, steam pressure reducing valve etc. etc.

The iron-frame work for the accommodation of the said machines and apparatus consisting of iron columns, iron girders as well as beams there, wooden stairs, railings, gaurds, etc. etc. all completely installed.

Proposed to be installed - Plant and machinery
for 1938-39 season.

Estimate

- 1. For cane cultivation 100 acres:
Installation of 25 H.P. engine and 8' pump for purposes of irrigation
- 2x For 1940 season.
To extend the crushing capacity and extraction.
- a. Three roller mill 14" by 21" complete with electric drive, and intermediate carrier etc. etc.
- b. Filter press and mud pump.

Total estimated cost ... 12,000.

7. Total estimated cost of the undertakings and probable time that will be occupied in its execution.

Expenditure non-recurring ..

for installation of 25 H.P. engine and 8" pump ..

Rs. 6,000

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~~6~~

for securing and improving 100 acres land	Rs. 6,000
for securing pairs of animals, ploughs, ridge ploughs, mamooties etc. etc. ...	Rs. 1,500
For clearing the present liabilities which otherwise will have to be paid up with a high rate of interest. ...	Rs. 15,000
	<u>Rs. 28,500</u>

Expenditure Recurring:

Cultivation expenses for 100 acres.

Particulars.	per acre.	for 100 acres.
Seedlings	25 0 0	2,500 0 0
6 ploughings	7 8 0	750 0 0
ridging	7 4 0	725 0 0
planting	2 8 0	250 0 0
threshing	7 8 0	750 0 0
manuring	12 8 0	1,250 0 0
earthing up	7 12 0	775 0 0
manures	55 0 0	5,500 0 0
irrigation costs	30 0 0	3,000 0 0
harvesting and conveyance	25 0 0	2,500 0 0
rents		1,000 0 0
salaries		1,000 0 0
		<u>20,000 0 0</u>
for contingencies		1,500 0 0
Total recurring expenses		<u>21,500 0 0</u>
Total funds required non-recurring as well as recurring ...	Rs. 50,000.	

For 1938-39 season.

The installation of the engine and pump for the purpose of irrigation is expected to be done by the end of January 1939. Cultivation will be done by the end of April.

For the 1940 season:

The proposals outlined will be accomplished by the end of 1940 from the funds of the Company.

The loan of Rs. 50,000 applied for is mainly for the purpose of cultivation on a large scale.

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8. Approximate number of operatives employed:

(a) During the off-season: already mentioned.

(b) During the season:

S.No.	Particulars	Number.	Remarks.
1.	Clerks	2	In addition contract labour for unloading of canes is employed.
2.	Foreman and engine drivers	3	
3.	Engine drivers and fitters	3	
4.	Fitters' Assistants	3	
5.	Pan men	3	
6.	Laboratory assistants	3	
7.	Labour and males	80	

Total 97 or say 100.

9. Estimated net Expenditure in running the works.

It can be very well presumed that with the cane cultivation outlined above, under factory's control, the factory can be run for 4 months a year, possibly 3 months in the year by its owned supply and 1 month at least from those of the outsiders. Regular crushing for 120 days can be relied on at the rate of 50 tons per day.

Expenditure

Per day for crushing 50 tons.

Manufacturing wages	50	0	0	<u>P.S.</u>
fuel	20	0	0	The annual expenditure for 365 days has been converted to 120 days basis and the charges obtained thus have been accordingly put per day.
lubricants	10	0	0	
chemicals (lime and sulphur included)	14	0	0	
salaries	50	0	0	
sundries and repairs	6	0	0	
packing	12	8	0	
depreciation	50	0	0	

Total Rs. 212 8 0

212-8-0

Cost of manufacturing expenses per ton of cane ----- 4-4-0.
50

(a) ∴ for crushing 6,000 tons of cane
the cost of manufacture ... Rs. 25,500.

10. Estimation of profits:

Raw materials

4,000 tons of cane from the factory
farms (for 80 days crushing) @ Rs.8
per ton Rs. 32,000.

2,000 tons of cane from outsiders
(for 40 days crushing) @ Rs.8 per ton 16,000.

(b) / Total Rs. 48,000.

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(c) for excise duty on 480 tons of sugar at 8% recovery on cane	Rs. 19,200.

Total expenditure (a + b + c)	Rs. 92,700.

The recovery with regular crushing of good quality cane, supply being mainly of its own farms, cannot, it is presumed, be less than 8% on cane. Therefore sugar recovered from 6,000 tons of cane crushed = 480 tons.

(d) By sales at Rs.220 per ton for 480 tons of sugar	Rs. 1,05,600.
	=====

∴ Net profit in the working = Rs.12,900.
(Rs.105600-92700).

Savings in cultivation:

Amount realised by sales of 4,000 tons of cane	Rs. 32,000.

Cultivation expenses as already shown	Rs. 20,000.
Transport charges to the factory by river	Rs. 2,000.
Hence Net savings	= Rs.10,000.

add, net profits
in the working . Rs. 12,900.

∴ Total Estimated profits ... = Rs.22,900.

N.B.

- (i) The sugar has been valued at Rs.220 per ton; should it be valued at the present ruling price, an additional income of Rs.15 per ton may be expected.
- (ii) With the installation of the additional three roller mill etc. the extraction improving, the recovery can certainly be expected to be better, yielding more income.
- (iii) It has to be noted that the interest on the working capital has not been written off from the profits.

11. Reasons why the business cannot be financed without State assistance.

As this is a new venture indigenous capital is shy and consequently we have found it difficult to secure loan at favourable rate of interest. Owing to insufficient supply of cane, very short and uneconomical period of crushing, we have incurred losses, to the extent of about Rs.18,000 (inclusive of depreciation etc.) up to 31st March 1938. These losses unfortunately and consequently have shaken public confidence to a certain extent; individuals who are prepared

to lend demand high rate of interest and may demand payment of money with interest at any moment.

12. Nature and extent of State Aid applied for:

Hence it will be a great help to the industry if it could get a loan of Rs.50,000 from the Government at a favourable rate of interest under Clause (A) of Section 6.

13. Security offered:

(a) A floating charge of the Company's assets mentioned above can be created and given as security.

(b) If any other security is deemed essential, the same can be given as far as it lies within the rights of the Company from out of 1. lands and buildings in possession, 2. Plant and machinery (a) installed for drying dhupa fruits (b) for canning (c) for rice hulling (4) for jaggery manufacture.

14. Nature and extent of the applicant's rights in the concern:

The virtue of being the Vice-President, of the Board of Directors.

15. Nature and extent of the applicant's right to the property:

As a shareholder only.

16. Nature and extent of encumbrances on the immovable property offered as security.

Nil.

17. Arrears due: Nil.

18. Period within which and the number of instalments in which the applicant proposes to repay the loan: Within twenty years in twenty instalments on 31st of March every year.

19. Approximate additional net income expected to be earned as a result of the proposed expenditure:

More than Rs.10,000 yearly.

20. The Company is a Joint stock Company registered under the Indian Companies Act 1913 incorporated on 20th December 1935 having at present 933 share holders.

The capital actually subscribed and paid up Rs.1,49,007-8-0

The number of shares held by each Director is given on page 1 and 2 of this application. Their salary is nil and they have not

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drawn any fees as the Company has been suffering losses from the beginning. However the Articles of Association under Rule 85 permits them to draw such fee subject to the conditions laid therein.

The copy of the Memorandum and Articles of Association and copies of the 1st and 2nd Annual report has been enclosed.

21. Declaration: I, B.Vaikunta Baliga, son of B.R.Laxman Baliga, as Vice-President of The Kalyanpur Sugar Mills Ltd., declare that the statement made above, are true to the best of my information and belief..

Sd.B.Vaikunta Baliga.

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Copy of letter No.D.Dis.C.594/38, dated 27th October 1938,
from the Director of Agriculture, Madras.

Subject:- Kalyanpur Sugar Mills - application for State Aid -
for sugarcane cultivation and sugar industry -

A copy of the inspection note of the Assistant Director of Agriculture, Tellicherry on the lands proposed to be taken on long lease by the Kalyanpur Sugar Mills for growing sugarcane and the endorsement thereon of the Deputy Director of Agriculture, IV Circle, Coimbatore, are herewith enclosed.

2. It is a decided advantage to the factory to have 100 acres of its own land under sugarcane cultivation as by proper planting of this area with suitable varieties of cane the crushing season can be considerably increased.

3. The sugarcane growers round about the factory are small land-holders and none of them can afford to raise more than 1--2 acres of this crop. They are all good cultivators and with all their efforts the average yield of cane for the locality is about 33 tons per acre. The expectation of the factory to grow cane at the rate of 40 tons per acre over an area of 100 acres is not likely to be realised. The average yield may not exceed 30--33 tons per acre on this large area. The factory may hope to reduce the cost of cultivation by economy and proper distribution of labour but it is very doubtful if it can obtain better yields than the cultivators.

4. The factory has made no provision for clearing the land taken on lease and bringing it under proper cultivation. It cannot also expect high yields from the very start.

Copy of letter R.O.C.1639/37, dated 23rd September 1938 from the Assistant Director of Agriculture, Tellicherry, and the Endorsement of the Deputy Director of Agriculture IV Circle, Coimbatore, thereon.

I inspected the Kalyanpur mills, the sugarcane crops close

to the mills and the area at Kokarne which the mill owners propose to lease out for growing canes to supply the needs of the mill, on the 14th and 15th September.

2. It is a fact that the present high rental value of the lands, viz., Rs.80/- and Rs.100/- per acre for growing sugarcane prevailing round about Kalyanpur, which, by the way, appears to be confined to this area alone in South Kanara district, will not enable the factory people either to grow their own canes at a profit or to buy canes at rates which will enable them to make a profit from the concern. They are therefore forced to leave their neighbours severely alone and find an area suitable for growing canes and at the same time where the rental value of land is reasonably low.

3. The site which they propose to lease out -- I am informed that the lands have not yet come into their possession although they have said so in their application for the loan -- certainly satisfies these conditions. The major portion of the area has yet to be reclaimed, but the portion now under cultivation -- about 30 acres -- seem to be quite similar to the lands where cane are usually grown in this locality. They will certainly not be getting the high yield of 40 tons per acre on the average, on which they have based their calculations, for the first few years as the major portion of the area is at present, as mentioned above, uncultivated waste. But with proper manuring and cultivation and selection of high yielding varieties suitable to the locality there is no reason why the average noted above should not be reached in course of time.

4. There are, as stated in the application, similar lands round about Kokarne for extension and which facilitate the growing of paddy and other crops in rotation and the mill owners seem quite confident of getting these also on equally easy terms or arrange for their supplies of canes by subsidising the neighbouring ryots who grow canes.

5. This is, however, an area where the cane growers do not, in normal years, find any difficulty in disposing of their jaggery at a profit even in spite of the high rents and unless there is considerable disparity between the price of jaggery and sugar in favour of the latter, I am not sure that the mill owners will be able to get canes from these ryots at rates which will be profitable to the former. At the same time a factory which depends mostly on its own canes cannot hope to carry on for long as it is unsafe to depend on one source of supply alone however certain it may be. The subsidising of the local growers is therefore in my opinion the most important question that will decide the fate of this factory and if they cannot manage to induce a fair number of these growers to supply their needs on favourable terms, I do not visualise a long, not to say successful, future for the concern.

Endorsement R.O.C.844/38:-

Copy submitted to the Director of Agriculture, Madras, enclosing the file in question. I agree with remarks of the Assistant Director of Agriculture.

2. I have on more than one occasion pressed the factory on the point of making advances to cane growers locally to ensure a supply of canes for milling. This, I said from my long experience of Nellikuppam area. The factory has failed to do that. The idea of having its own cane area to supply the factory in slack days is quite good, since the season for cane cutting in Kalianpur area does not last for more than 3 or 4 months.

3. Even the newly reclaimed lands at Mandya seem to produce good crops of canes. Therefore it depends more on proper manuring and other attention if they can get a pretty heavy crop. The distance of 16 miles they have to transport canes is the difficulty in the way apart from the very small mill they have, to make good profits from the business.

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Copy of letter No.L.Dis.6196-38, dated 8th November 1938, from the Collector of South Kanara, Mangalore.

Subject:- Advances - loans under the State Aid to Industries Act -
Application by the Kallianpur Sugar Mills Ltd. - Land and building - valuation statement.

I enclose herewith copies of the Udipi Tahsildar's report and the valuation statement of lands and buildings belonging to the Kallianpur Sugar Mills Ltd., as estimated by the Tahsildar.

Letter from the Tahsildar of Udipi Taluk, to the Collector of South Kanara, Mangalore, No.7778-38, dated 5th November 1938.

I submit herewith a valuation statement of the buildings and land belonging to the Kallianpur Sugar Mills, Ltd., as required in your order quoted above.

The Company owns S.Nos.1/15A, 16B, 16C, 35A (one acre out of this) 1/36 and 236/2 of Tonse East as per 10-1 chitta extract enclosed. The document forming the title deed of the company shows also a plot of two cents as owned by them out of an adjoining survey field. The patta of this bit does not, however, stand in the name of the Company and it is not possible to localise this area on the ground. This small extent of two cents has been therefore excluded from the valuation statement.

The Company purchased this landed property along with two tiled buildings standing on it and some old machinery of the old Dhupa factory altogether for a sum of Rs.5,000/- (five thousand only). The figure Rs.5088-10-0 appearing against free hold property at cost in their balance sheet for 1937-38 includes the actual price of Rs.5,000/- and also the value of the stamp paper and registration cost. The lands originally belonged to Tejappa Hegde the present deputy Petel of the village and were sold by him to the Eastern Development Corporation with a valid title. From the Corporation

the property passed on to one Herle who sold it to one Mr. Kamath from whom the Sugar Mills acquired it on 9--9--36. I have scrutinised all these documents and certify that the present title of the Kallianpur Sugar Mills is valid.

The several plots though registered in the revenue accounts as wet, garden and dry, respectively, are all dry now on the ground and form the building sites, yards and premises of the Sugar Mills. Their proximity to the river, distance from the Kallianpur bazaar, their elevation, all considered, I estimate the rental value of the land at Rs.50/- per acre uniformly for all the plots. The land valuation has been arrived at by deducting the assessment from the rental value and capitalising the net rental at four per cent. The value of the lands thus amounts to Rs.1891--15--0.

Since the Company purchased the land, buildings and the old plants and machinery for Rs.5000/- they should be considered to have paid Rs.3108-1-0 for the two old buildings and the old machinery. The latter for the greater part is scrap iron and may be valued at Rs.608--1--0. This gives the actual purchase value of the two old buildings as Rs.2500/-. Deducting depreciation at five percent the value has been estimated by me as Rs.2375--0--0. The buildings newly erected by the Company and the additions and modifications effected to the old buildings have been separately listed and valued. Their book value is Rs.20934--15--8. The Company's accounts and registers do not show the cost of each item separately. Rule 11 (1) (a) of the rules framed under section 19 of the State Aid to Industries Act refers to the valuation of the buildings purchased by the Company and not to the buildings erected by it. But I have followed the spirit of this rule and have valued the new buildings at nearly their cost deducting however, depreciation at five percent where necessary. The total value of the old and new buildings with additions levelling and revetments etc., has been fixed at Rs.22,380--0--0. I am unable to value them in detail which can be done only by an Engineer and even if I struggle and do it that way

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the result will have no authoritative value. If such a valuation is necessary a subordinate of the Public Works Department may be deputed for the work.

As has been stated above the Company owns only one acre of land out of S.No.1/35A. I have asked the Revenue Inspector to prepare the necessary sub-division records to register separately this extent and will sanction it in due course and report.

The connected papers are enclosed.

Valuation Statement of lands and buildings belongin to the Kallyanpur Sugar Mills, Ltd., Kallyanpur, South Kanara.

Lands

~~XXXXX~~ - Udipi Taluk - Tonse East.

Survey & subdivi- sion No.	Extent in Acres	Assess- ment.	Class of land.	Estimated rental - per acre.	Value arrived at by deducting the assessment and capitalising the net rental @ 4%.
1-36	0-16	0-12-0	Wet	Rs.50/-	Rs.182--0--0
15A	0-37	3--5-0	Garden	do.	379--4--0
236-2	0-06	0--8-0	do.	do	63--3--0
-16B	0-01	0--1-0	Dry.	do	12--3--0
-16C	0-03	0--1-0	do.	do	36--9--0
1-35A	1-00	1--4-0	do.	do.	1218--12-0
				Total Rs.	1891--15--0

Buildings - excluding machinery, plant, apparatus etc.

- (1) 2 old buildings purchased along with the land.
and old machinery - laterite structures
with tiles on rafters for roof. Value of
the buildings alone Rs.2500/- purchased
on 9-9-1936 less depreciation at 5%
per year for two years Rs.125/- .
Net present value. Rs. 2375--0--0

P.T.O.

Rs.

- (2) Sugar house with galvanised roofing to contain centrifugals, elevator, driver, boiler and engine. Area 2816 sq.ft. Completed in 1936-37. Estimated value Rs.6000/- depreciation at 5% for one year Rs.300/-. Net present value. 5700--0--0
- (3) Mill house with galvanised roofing having the mill plant, engine, with gears, elevator completed in 1936-37. Area 2816 sq.ft. Estimated value Rs.5000/- less depreciation for one year at 5% Rs.250/-. Net present value. 4750--0--0
- (4) Laboratory house. Completed in 1936-37 tiled roof having laboratory apparatus 510 sq.ft. Estimated value Rs.800/- less depreciation for one year at 5% Rs.40/-. Present value 760--0--0
- (5) Cane carrier building - tiled roof 1936-37 - housing the cane carrier - 510 sq.ft. Estimated value Rs.700/- less depreciation at 5% Rs.35/- Present value 765--0--0
- (6) Rice huller building to hold the rice hulling engine - tiled roof - 1938-39 - 1020sq.ft. area - Estimated value 750--0--0
- (7) Jaggery factory building - Tiled having furnaces and pans for jaggery - 1938-39 - 1976-sq.ft. area - Present estimated value 1200--0--0
- (8) Office building 1936-37. Tiled roof - 704 sq.ft. gabled roof stone walls etc. Estimated value Rs.800/-. Deduct depreciation for one year at 5% Rs.40/- Net value 760--0--0
- (9) Office building - another - 1937-38 - tiled roof - 630 sq.ft. mud walls with stone pillars - stone foundation - Present value 500--0--0
- (10) Sulphur godown - galvanised roof - 1936-37 121 sq.ft. stone walls - Estimated value Rs.200/- less depreciation Rs.10/- at 5% Present value 190--0--0
- (11) Molasses storage tank - 1937-38 - galvanised roof - 775 sq.ft. Present value 500--0--0
- (12) Extensions to and modifications of old buildings.
 - I. Stores under old roofing - stone walls 630 sq.ft. - 1936-37 - Value Rs.600/- less depreciation at 5% Present value 570--0--0

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II. Sugar bonded warehouse - stone walls erected under old roofing - 856 sq.ft 1936-37 - Value Rs.500/- less depreciation at 5% Rs.25/- Present value:	475--0--0
III. Evaporator house - under old roofing with three floors - value Rs.1500/- 1936-37 less depreciation at 5% Rs.75/- Present value	1425--0--0
IV. Repairs and modifications to the storage godown - under old roofing 1200 sq.ft. - 1936-37. Value Rs.800/- less depreciation at 5% Rs.40/- Present value	760--0--0
(13) less Levellings, revetments of the river bank etc. etc., Rs.1000/-/depreciation for one year at 10% Rs.100/- Present value	900--0--0
Total buildings - old and new	Rs.22380--0--0
Grand total - lands and buildings	Rs.24271-15--0

Copy of letter from the Assistant Industrial Engineer, Coimbatore, dated 20--11--38.

I inspected the Kalyanpur Sugar Mills Ltd., on 15th November 1938 and with the Factory Manager, gone through the lists of machinery furnished by him. Though the machinery were purchased by the promoters in Gondal State in 1933 they were in their original packages until they were sold to the present management in the year 1936.

A statement showing the original value and the present value as worked out on the basis of 10% depreciation is attached. According to this the present assets of the Company excluding buildings as detailed in list D comes to Rs.124650/-

All the machinery look practically new as they worked only for couple of months each year. It is but reasonable therefore that their depreciation value should be worked out at 5%. I have therefore shown in my statement two sets of figures, one based on 10% depreciation and the other worked at 5%. The value of machinery at 5% depreciation comes to Rs.14329/-.

The factory has spent a sum of Rs.9739/- on the erection of machinery and plant during the years 1936 and 1937. This item has been eliminated from the list as this expenditure cannot be recovered at any future time.

Though the present management purchased the sugar cane plant complete for Rs.56,000/- the original cost viz., Rs.130,762/- has been taken for the purpose of valuation.

EXTRACT.

The Minutes of the Proceedings at the thirty third meeting of the Board of Industries constituted under the Madras State Aid to Industries Act (Act V of 1923) held at the Office of the Director of Industries and Commerce, Madras, on Monday the 30th January 1939 at 11 A.M.

P r e s e n t:

Chairman.

1. Sri V. Ramakrishna, M.A., I.C.S., Director of Industries and Commerce.

Members.

2. Mr. C.E. Jones, C.I.E., I.C.S., Secretary to Government, Finance Department.
3. " D.Q. Davidson,
4. " F. Howard Oakley.
5. Sri. A. Ranganatha Mudaliar, B.A., B.L.,
6. " Chandulal M. Kothari, B.A., L.L.B.
7. Diwan Bahadur G. Narayanaswami Chettiar, C.I.E.,
8. Sri P.S. Kumaraswami Raja, M.L.A.,
9. " D.L. Narasimharaju, M.L.A.,
10. " S. Rm. Ct. Pl. Palaniappa Chettiar.
11. Rao Bahadur M. Giriappa, Registrar of Cooperative Societies.

The following applications were considered:-

19. Application from the Kalyanpur Sugar Mills Ltd., Kalyanpur, South Kanara, for a loan of Rs.50,000/- under the State Aid to Industries Act for discharging existing liabilities and for purposes of cane cultivation.

Read note by the Director of Industries and Commerce and connected papers.

Resolved unanimously that the Board does not consider this a suitable case for the grant of assistance under the State Aid to Industries Act as the supply of sugarcane can very well be arranged through a sugarcane growers' cooperative society.

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C.F. 16.

DRAFT FOR APPROVAL.

	Date.	Initials.	SUBJECT:—
When received for fair copying ..			Industrie -
When copied ..			State Aid to Industrie Act -
When examined ..			Application from the Kalyan
When signed ..			Sugar Mills Ltd., Kalyanpur
When despatched.			- loan - rejected

READ AGAIN _____, dated _____ 19__

READ ALSO: _____ 19__
No. 4403 From the D. 1 re No. SA 34, dated 9-2 1938.

Order Ms. No. 451, dated 23. 2. 1938.
Resolution Rout.

H.E. The Governor is pleased under the provisions of Sec 8(5) of the Madras State Aid to Industrie Act, 1922 (Madras Act V of 1922) for sanctioning the loan applied for by the Kalyanpur Sugar Mills Ltd., Kalyanpur South Kanara, as the Board of Industries has unanimously declined to recommend it. The application is therefore rejected

62 of 2/2/38
The D. 1 re No. 451
23/2/38
Hm (116) 21/2/38